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COMMISSION

BEFORE THE FEDERAL ELECTION COMMISSION

2009 DEC -7 AM 11: 13

In the Matter of

**CELA**

Citizens for Arlen Specter and Stephen J. Harmelin,  
in his official capacity as Treasurer

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MUR 6060

**GENERAL COUNSEL'S REPORT #2**

1 **I. ACTIONS RECOMMENDED**

2 Accept the attached signed conciliation agreement with Citizens for Arlen Specter  
3 and Stephen J. Harmelin, in his official capacity as Treasurer, and close the file.

4 **II. BACKGROUND**

5 On August 20, 2008, the Commission (1) found reason to believe Citizens for  
6 Arlen Specter and Stephen Harmelin, in his official capacity as Treasurer ("CFAS"),  
7 violated 2 U.S.C. § 441a(f) based on an audit referral from the 2003-04 election cycle  
8 demonstrating over \$1 million in excessive contributions from individuals and political  
9 committees,

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We now recommend that the Commission  
accept the signed conciliation agreement negotiated with the respondents and close the  
file.

The reason to believe letters to CFAS were sent September 23, 2008, and the first  
meeting between OGC and CFAS occurred approximately three weeks later. At that  
meeting, counsel provided a March 18, 2008 memorandum that CFAS had not provided  
to the Audit Division before the Final Audit Report had been approved by the

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1 Commission.<sup>1</sup> This memorandum indicates that CFAS had sent presumptive  
2 redesignation/retribution letters (albeit untimely), before the Commission's reason to  
3 believe findings, to many of the entities on the excessive contributions list that had been  
4 included in the calculations of both the Audit Division and OGC. In addition, from  
5 October 2008 through February 2009, CFAS provided documentation indicating that the  
6 committee provided notification to certain contributors, in the form of invitations and  
7 written solicitations, which stated the applicable contribution limitations and the elections  
8 with respect to which the contribution amounts would be applied. With the assistance of  
9 the Audit Division, we reviewed scores of contributions in order to determine how this  
10 new information should affect the amount in violation and disgorgement obligation. ┐

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<sup>1</sup> On December 7, 2007, the Commission approved the Report of the Audit Division on CFAS, and on December 21, 2007, one of the four findings (Finding 1) was referred to the Office of the General Counsel for enforcement.

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1           **Shortly thereafter, in May 2009, we met with Senator Specter and his counsel and**  
2           **Stephen Harmelin, the CFAS treasurer. During this meeting, Senator Specter advocated**  
3           **for no, or a substantially reduced, civil penalty on the ground that any violations in this**  
4           **case are technical in nature. He and the CFAS treasurer also advised us that the illness of**  
5           **a key campaign staffer contributed to the failure to send the appropriate**  
6           **redesignation/retribution notifications to contributors. Specifically, they informed us**  
7           **that Carey Lackman Slease served as Senator Specter's Chief of Staff and was his most**  
8           **trusted and closest aide. She was described as a key staffer for CFAS on all fundraising**  
9           **and compliance issues and reported directly to Senator Specter and the CFAS treasurer.**  
10          **She was the senior staffer for compliance and her work included hiring the campaign's**  
11          **Finance Director and overseeing his work and that of his staff. Although the day-to-day**  
12          **compliance functions were performed by the Finance Director and his staff,**  
13          **Ms. Lackman Slease was responsible for identifying and resolving compliance issues.**  
14          **Ms. Lackman Slease was diagnosed with cancer, and her ability to perform this critical**  
15          **role before and after the primary election was, in hindsight, compromised by treatments**  
16          **related to her illness from early 2004 until her passing in July 2004.**

17           **In June 2009, the respondents informed us that they had hired new counsel.**

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17 **IV. RECOMMENDATIONS**

- 18           1. Accept the attached conciliation agreement;
- 19           2. Approve the appropriate letter; and

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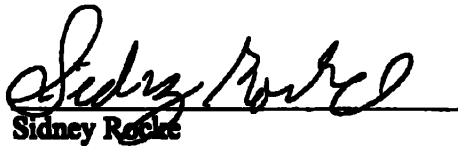
3. Close the file.

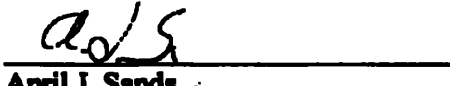
Thomasenia P. Duncan  
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12/4/09  
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